SIMPLY ESSENTIALS, LLC

December 31, 2016

Balance Sheet

With

Independent Auditor's Report

FROST, PLLC
Certified Public Accountants

Exhibit 1

FROST, PLLC
Certified Public Accountants

Independent Auditor's Report

Board of Directors
Simply Essentials, LLC
Overland Park, Kansas

We have audited the accompanying balance sheet of Simply Essentials, LLC as of December 31, 2016, and the related notes.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Simply Essentials, LLC as of December 31, 2016, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the accompanying balance sheet, Simply Essentials, LLC is in its startup phase of its chicken processing facility and has recently commenced operations. Our opinion is not modified with respect to this matter.

Frost, PLLC

Certified Public Accountants

Little Rock, Arkansas
September 14, 2017

SIMPLY ESSENTIALS, LLC

Balance Sheet

December 31, 2016

Assets	
Current assets	
Cash	$ 5,166,916
Cash - restricted	2,100,000
Accounts receivable, net	3,543,902
Inventories	2,782,997
Prepaid expenses	151,074
Total current assets	13,744,889
Property and equipment	
Land and land improvements	52,689
Building	9,710,715
Machinery and equipment	29,374,858
Furniture and fixtures	49,035
Computers and software	1,556,380
	40,743,677
Accumulated depreciation	(102,436)
Total property and equipment	40,641,241
Other assets	
Intangible assets, net	1,400,000
Total assets	$ 55,786,130
Liabilities and Members' Equity	
Current liabilities	
Accounts payable	$ 5,673,046
Accrued settlement	3,750,000
Accrued other expenses	260,182
Total current liabilities	9,683,228
Members' equity	46,102,902
Total liabilities and members' equity	$ 55,786,130

The accompanying notes are an integral part of this balance sheet.

Notes to Balance Sheet

December 31, 2016

1. **Nature of Operations**

Simply Essentials, LLC (the "Company"), a Delaware limited liability company, organized on October 22, 2015, was formed by three members of management and NGP Agribusiness Follow-On Fund, L.P ("NGP"). NGP made an initial contribution of $5.0 million for a 99.94% ownership and a capital commitment of $30.0 million. Each of the three members of management owns .02% for a capital contribution totaling $3,000 and the contributions of the Company's intangible assets with a fair value of $1.5 million. The members have profit and loss allocations and distribution rights based on their percent of ownership. The members also have management rights through a Board of Directors with equal representation. The Company shall be dissolved upon the consent in writing of the Board of Directors, or upon the sale, disposition or termination of all or substantially all of the property then owned by the Company.

The Company's principal purpose shall be the pursuit of acquisition and greenfield opportunities in the agribusiness in North America. The Company began operations during 2016 in the beef industry, relying on its proprietary feed formula. The Company believes its proprietary flaxseed-based diet is rich in Omega-3s and lower in cholesterol. The Company had initial operations by procuring steers and feeding them its proprietary flaxseed-based feed, then having a third party process the meat, which would later be sold by the Company. However, in the later-half of 2016, the Company stopped procuring steers and relied on a customer to procure steers and feed them the Company's proprietary flaxseed-based feed. That customer would then process, sell the meat and pay the Company a royalty. During 2016, the Company purchased an Iowa chicken processing facility and began a major renovation. In late December 2016, the Company began operations at its poultry processing facility in Iowa.

The Company operates as a food processor selling primarily to distributors. Food processors operate in an environment wherein the commodity nature of both their products for sale and their primary raw materials cause sales prices and purchase costs to fluctuate, often on a short-term basis, due to the worldwide supply and demand situation for those commodities. The supply and demand factors for their products for sale and for their primary raw materials correlate to a degree, but are not the same, therefore margins between sales price and production costs can fluctuate significantly on a short-term basis.

The Company's members shall not have any liability whatsoever for the expenses, debt, obligations or liabilities of the Company, or claims made against it, except to the extent the member specifically agrees in writing to be responsible for such liability.

The Company was in its initial startup phase of its chicken processing facility at December 31, 2016. Certain operations related to processing chicken began in late December 2016. Associated with its startup phase, the Company has incurred operating losses and may incur additional losses in the upcoming year. Based upon management's estimates, management believes its business model is achievable and will allow the Company to become profitable. As of December 31, 2016, the Company believes its current cash resources, additional capital from its majority member and debt funding acquired during 2017, prior to this report issuance, will provide sufficient cash flows to achieve its goals and objectives. The accompanying balance sheet has been prepared assuming the Company will continue as a going concern, which is dependent on the Company's ability to successfully carry out its business plan.

Notes to Balance Sheet

December 31, 2016

2. **Summary of Significant Accounting Policies**

a. **Use of estimates** – The preparation of the balance sheet in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet. Generally, assets and liabilities that are subject to estimates and judgment include the allowance for doubtful accounts, inventory valuation and reserves, useful lives of long-lived assets, certain accrued expenses and accounts payable retainage associated with construction activities. Although management believes these estimates are reasonable, actual results could differ from those estimates.

b. **Cash and cash equivalents** – The Company considers all highly liquid cash investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2016.

The Company is required to maintain certain reserve funds associated with a settlement agreement. This settlement agreement limits the use of the related funds and, as such, has been classified as restricted cash in the accompanying balance sheet (see Note 5).

c. **Accounts receivable** – The Company extends credit to its customers in the ordinary course of business. The Company reviews its customer accounts on a periodic basis and records a reserve for specific amounts that the Company feels will not be collected. Amounts will be written off at the point when collection attempts on the accounts have been exhausted. Management uses significant judgment in estimating uncollectible amounts, considering such factors as current overall economic conditions, industry-specific economic conditions, historical customer performance and anticipated customer performance. While management believes the Company's processes effectively address its exposure to doubtful accounts, changes in economic, industry or specific customer conditions may require adjustment to the allowance recorded by the Company. Past due status is determined based upon contractual terms. The Company maintained an allowance of approximately $121,000 as of December 31, 2016.

d. **Inventories** – All beef and poultry inventories are carried at the lower of cost or market. Packaging and spare parts inventories are carried at cost. The cost of inventories is determined on a first-in, first-out method. Inventories are reviewed for slow-moving and potentially obsolete items using actual inventory turnover and are written down to estimated net realizable value. At December 31, 2016, the Company had an inventory reserve of approximately $198,000.

e. **Property and equipment** – Property and equipment are stated at cost, less accumulated depreciation. Assets are depreciated using the straight-line method over the estimated useful lives of the related assets.

2. **<u>Summary of Significant Accounting Policies</u> (cont.)**

   f. **Long-lived assets** – The Company reviews its long-lived assets for impairment when events or changes in circumstances indicate the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the excess of the carrying amount over the fair value of the assets. The factors considered by management in performing this assessment include operating results, trends and prospects, as well as the effects of obsolescence, demand, competition and other economic factors. Based on management's assessment, no impairment was recognized at December 31, 2016.

   g. **Intangible assets** – Intangible assets with finite lives are amortized using the straight-line method over their useful lives and, when indicators of impairment are present, are reviewed for recoverability using estimated future undiscounted cash flows related to those assets. The Company's intangible assets consist of a trade name and propriety feed formula, valued at $1.5 million, are being amortized over estimated useful lives of 15 years. Accumulated amortization was $100,000 at December 31, 2016 and future amortization is expected to be $100,000 per year through 2031. The Company has determined that no impairment existed at December 31, 2016.

   h. **Revenue recognition** – The Company recognizes revenue when the risk of loss is transferred to customers, which is generally upon delivery based on terms of sale. Revenue is recognized as the net amount estimated to be received after deducting estimated amounts for discounts, trade allowances and product terms. Estimates for any special pricing arrangements, promotions or other volume-based incentives are recorded upon shipment of the product in accordance with the terms of the promotion, allowance or pricing arrangements.

   i. **Income taxes** – The Company is a limited liability company, which is taxed as a partnership. Accordingly, the members of the Company will report their share of the taxable income or loss on their respective income tax returns.

      The Company's policy with respect to evaluating uncertain tax positions is based upon whether management believes it is more likely than not the uncertain tax positions will be sustained upon review by the taxing authorities, then the Company shall initially and subsequently measure the largest amount of tax benefit that is greater than 50% likely of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The tax positions must meet the more-likely-than-not recognition threshold with consideration given to the amounts and probabilities of the outcomes that could be realized upon settlement using the facts, circumstances and information at the reporting date. The Company will reflect only the portion of the tax benefit that will be sustained upon resolution of the position and applicable interest on the portion of the tax benefit not recognized. Based upon management's assessment, there are no uncertain tax positions expected to have a material impact on the Company's balance sheet.

      The Company was formed in 2015 and, as a result, is not subject to U.S. federal and state tax examinations by tax authorities for years before 2015. The Company's federal and state tax returns are not currently under examination. The Company did not have any interest or penalties accrued at December 31, 2016.

2. **Summary of Significant Accounting Policies (cont.)**

j. **Recent accounting pronouncements** – In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU 2014-09 is the product of a joint project between the FASB and the International Accounting Standards Board to clarify the principles for recognizing revenue. ASU 2014-09 amends the Accounting Standards Codification and creates a new Topic 606, "Revenue from Contracts with Customers." This new topic describes a step by step process to achieve the FASB's core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new topic also adds improved disclosures to help users of financial statements better understand the nature, amount, timing and uncertainty of revenue that is recognized. ASU 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date," issued in August 2015, defers the implementation of ASU 2014-09 for nonpublic entities to annual reporting periods beginning after December 15, 2018. Early adoption is permitted for reporting periods beginning after December 15, 2016. ASU 2014-09 may be applied either retrospectively or through the use of a modified-retrospective method. The Company is evaluating the application of ASU 2014-09 and the effect it will have on its balance sheet.

In August 2014, the FASB issued ASU 2014-15, "Presentation of Financial Statements – Going Concern: Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern." The amendments in ASU 2014-15 require management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern, defined in terms of the entity's ability to meet its obligations as they become due within one year after the date the financial statements are issued. The initial evaluation is made without consideration of management's plans that are intended to alleviate the conditions. The mitigating effects of management's plans are considered only to the extent that it is probable that such plans will be successfully implemented and will mitigate the conditions and events that raise substantial doubt about the entity's ability to continue as a going concern. This guidance became effective in 2016. The adoption of ASU 2014-15 did not have a material effect on the Company's balance sheet.

In July 2015, the FASB issued ASU 2015-11, "Inventory (Topic 330) – Simplifying the Measurement of Inventory." ASU 2015-11 requires inventory within the scope of the update to be measured at the lower of cost and net realizable value rather than the lower of cost and market. Net realizable value is the estimated selling price in the ordinary course of business less reasonably predictable costs of completion, disposal, and transportation. Subsequent measurement is unchanged under this update for inventories measured using the last in, first out or retail inventory method. The amendments applicable to this update are effective for fiscal years beginning after December 15, 2016, with early application permitted. The adoption of ASU 2015-11 is not expected to have a material effect on the Company's balance sheet.

Notes to Balance Sheet

December 31, 2016

3. **Inventories**

Inventories consist of the following:

Beef	$ 1,164,355
Poultry	767,093
Packaging	456,798
Spare parts	394,751
	$ 2,782,997

4. **Major Customers and Suppliers**

Accounts receivable from two major customers represented 35% and 32%, respectively, of the total accounts receivable at December 31, 2016.

5. **Commitments and Contingencies**

The Company leases certain equipment under a noncancelable operating lease which expires August 2022.

Future minimum rental payments required under the above lease are as follows:

2018	$ 18,162
2019	18,162
2020	18,162
2021	18,162
2022	10,595
	$ 83,243

Associated with the settlement agreement, dated April 17, 2017, related to certain litigation over a contract dispute, the Company has recognized a liability of $3.75 million at December 31, 2016 and has $2.1 million in restricted funds. The settlement agreement requires payment of $1,748,806 no later than April 26, 2017, $51,194 on or before May 1, 2017, $1.2 million on or before June 30, 2017 and $125,000 per month on or before the month-end date starting in July 31, 2017 through December 31, 2017.

The Company, in the ordinary course of business, enters into supply agreements with various customers and suppliers. These agreements typically contain certain supply commitments, pricing arrangements, provision for nonperformance and have various expiration terms.

5. **Commitments and Contingencies (cont.)**

A chicken supplier agreement, dated June 14, 2016, grants the Company the option to purchase, at any time during the term of the agreement, all the assets of the supplier's business at a price the greater of $4.5 million plus inventory and other books assets at cost, or at a price equal to four times the supplier's trailing 12-month earnings before interest, taxes, depreciation and amortization. This agreement can only be terminated with cause and after prior notice period to the other party that is not cured.

6. **Concentrations of Credit Risk**

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of trade receivables with customers and cash deposited with financial institutions. The Company performs ongoing credit evaluations of its customers, but generally does not require collateral to support accounts receivable. However, such credit risk is considered by management to be limited due to the Company's customer base and their customers' financial resources.

At December 31, 2016, the Company maintained cash balances with certain financial institutions in excess of Federal Deposit Insurance Corporation limits. This risk is managed by maintaining all deposits in sound financial institutions.

At December 31, 2016, the Company had purchase commitments outstanding for construction and acquisition costs of property and equipment of approximately $6.0 million, which are expected to be incurred during 2017. These expenditures are primarily related to the Company's effort to purchase of materials, labor and equipment necessary to complete the construction and equipment purchases for its Iowa chicken processing facility.

7. **Subsequent Events**

Subsequent to year-end, the Company reorganized its ownership. The Company's members formed Simply Essentials Holdings, LLC, and its wholly-owned entities, Simply Essentials Beef, LLC and Simply Essentials Poultry, LLC. These entities were created to segregate the beef and poultry activities into separate legal entities.

On January 31, 2017, the Company entered into long-term contracts to sell poultry to Sanderson Farms and license its beef proprietary flaxseed-based feed formula to Cargill, Incorporated for three-year and five-year terms, respectively, with annual renewal dates.

On June 27, 2017, the Company obtained a $15,000,000 term loan through a financial institution. The note includes interest at 4.80%, monthly payments of $157,563 and matures on December 1, 2027.

The Company evaluated the events and transactions subsequent to its December 31, 2016 balance sheet date and determined there were no additional significant events, other than disclosed above, to report through September 14, 2017, which is the date the Company issued its balance sheet.